

What Carnegie Corporation Is



■ There are some 10,000 philanthropic foundations in the United States. They are, as foundation authority F. Emerson Andrews puts it, "instruments for contributing private wealth to public purpose."

What that "public purpose" may be varies immensely; so do the foundations' methods of operation. The purpose may be as strictly defined as the delivery of Sunday newspapers to the men on the Boston Light Vessel, or as broadly stated as the "well-being of mankind throughout the world." The foundation itself may be staffed by scores of professionals, or it may consume no more than one-twentieth of the time of the family lawyer. It may be a "grant-making" foundation, giving money to organizations or individuals for various purposes. Or it may be wholly or partly "operating"—using its funds to operate its own programs rather than making grants to others. Its total assets may be \$2 billion or 26 cents.

Actually, however, despite the great diversity among American foundations, the public image of them has been formed by relatively few. They are the large "general purpose" foundations, professionally staffed, whose programs and interests are of a national and sometimes international character, rather than strictly local or regional. There are about 100 such foundations.

Carnegie Corporation of New York is one of the largest of these. It has a great deal in common with

the Ford and Rockefeller foundations, as well as with some others. It is like them in that it is primarily grant-making rather than operating, has a full-time professional staff, and has broadly stated purposes. And although each foundation would properly wish to define its own philosophy, it is fair to say that many of the ones we are talking about see their fundamental purpose as attacking the causes of mankind's woes rather than providing the immediate relief of trouble. They set themselves the task of discovering the cause and cure of illness, not of caring for the ill; of discovering improved methods of growing food, not of feeding the hungry. Many foundations, including Carnegie, concentrate in the field of education, which by definition is a fundamental, long-term endeavor.

A good many regard their funds as "venture capital," because they can afford to risk money on the gifted mind which may come up with new solutions to old or immediate problems. The foundations are in a peculiarly good position to take such risks, because they are not under constant pressure to produce immediate, tangible results, as are agencies of government; and their funds are not committed to the support of highly important continuing operations, as are those of colleges and universities.

The large general purpose foundations do have much in common, but they differ in details of program, policies, and procedures. This issue of the *QUARTERLY* is devoted to Carnegie Corporation; readers should not assume that the policies and practices described are common to all, or even any other, of the foundations.

■ We attempt in this issue to provide something for all our readers. For the person who knows little about the workings of a foundation we give basic facts about what Carnegie Corporation is and how it operates. For those with more specific concerns, who have had or will have direct dealings with us, we set forth our policies on various matters and try to explain how our decisions are made.

The Name

■ This foundation has the misleading name "Corporation" because by the time Andrew Carnegie established it, in 1911, he had already exhausted the list of more suitable names in setting up other philanthropies. He had used the words foundation, endowment, institution, institute, trust, and fund. Thus this organization, though having a very proper right to use the word "foundation," is left with a title which calls forth letters from people wishing to buy shares in steel.

Back in 1911 the name wasn't so misleading. For one thing, the idea of a foundation was a fairly new thing and the name had not yet gained the connotations it now holds for us. For another, in the early years the Corporation was really "Andrew Carnegie, Incorporated": an instrument for carrying out his many personal benefactions.

Some Other Carnegie Philanthropies

■ There are five other organizations in the United States endowed by Mr. Carnegie which bear his name. An important thing to remember about them is that they are all separate. Each has its own endowment, trustees, and staff; each was established for a different purpose. They are the Carnegie In-

stitute (Pittsburgh), the Carnegie Institution of Washington, the Carnegie Hero Fund Commission, the Carnegie Foundation for the Advancement of Teaching, and the Carnegie Endowment for International Peace. Mr. Carnegie also established several trusts in Europe and the United Kingdom.

Mr. Carnegie's Purposes

■ "My desire is that the work which I have been carrying on, or similar beneficial work, shall continue during this and future generations." (Mr. Carnegie was for some years interested in the simplified spelling movement, and the early records of the Corporation are full of such words as "giv" and "enuf" and "hav.")

Mr. Carnegie was 76 years old when he wrote this in the letter of gift establishing the Corporation in 1911. Ten years before, he had embarked on what would seem to us the pleasant and easy task of giving away \$300 million. Despite the establishment of the trusts already mentioned, and innumerable personal benefactions, he still had over \$150 million left by 1911.

He then thought of making provision in his will for a great foundation, to be larger than all the others combined. This one would not be restricted in its purpose, as were the others, but would have as its broad aim "the advancement and diffusion of knowledge and understanding."

The idea of leaving a large bequest by will was not new, but one of Mr. Carnegie's friends, Elihu Root, had another idea. He suggested that Mr. Carnegie establish the foundation immediately, transfer the great bulk of his fortune to it, name trustees, and pave the way for others to carry on after his death. This was done, and by the next year Mr. Carnegie had endowed the Corporation with \$125

million, having thus established the largest single permanent philanthropic trust ever recorded until that time. Later the Corporation received \$10,336,867.89 additional under the terms of Mr. Carnegie's will. The capital fund now amounts to slightly less than \$200 million at book value and about \$250 million at market value.

The Terms of the Charter

■ "The advancement and diffusion of knowledge and understanding" is about as broad a frame of reference as anyone engaged in the business of giving away money could want. It is true that Mr. Carnegie qualified it somewhat by specifying that the advancement and diffusion were to be restricted to the peoples of the United States and certain areas of the British Commonwealth, but this still left plenty of elbow room. With such latitude it would seem that one could hardly go wrong. Money given to almost any teacher, scholar, research laboratory, or educational institution would presumably advance and diffuse knowledge.

The problem is not to find worthy institutions and individuals to support; they are not in short supply. Indeed, precisely because they are so numerous, and their financial needs so immense, the problem becomes one of deciding how to use relatively few dollars to accomplish the greatest possible long-range benefit.

For the officers of a \$200 million fund to speak of "relatively few dollars" requires some explanation. The Carnegie trustees, under the terms of our charter, are able to spend only the income from our capital fund—not the principal. Once certain commitments have been met, they have at their disposal for appropriation each year

somewhere between \$7 and \$8 million. To unincorporated individuals, this is a nice sum. But it is a tiny sliver of the American philanthropic dollar. Last year the total of American philanthropic giving was about \$7 billion. The Carnegie Corporation expenditure constitutes about one-tenth of one per cent of this sum. The amount spent in this country each year on the advancement and diffusion of knowledge cannot be readily calculated, but it surely runs into many billions of dollars. For higher education alone, expenditures in 1957 exceeded \$3½ billion. Aside from all the institutions for formal education, there are literally thousands of organizations, agencies, libraries, institutes, laboratories, and learned societies carrying on work which falls within the scope of the Carnegie Corporation charter.

Concentration of Fields

■ Although the charter would permit the Corporation to operate over an extremely broad range of fields, the trustees take the view that to achieve a manageable program, the Corporation should concentrate on a few fields at a time. This allows the foundation's money to have some real impact. It also makes it possible for staff members to build a fund of knowledge about a limited number of fields, to become well-acquainted with the ablest people in these fields, and in general to be more effective than they could be if the foundation's activities covered the full range permitted by the charter.

An important part of the "concentration" principle, however, is that the fields of concentration need not remain static. Mr. Carnegie's letter of gift to the original trustees of the Corporation exhorted them and future trustees to change the program when it seemed appropriate, to anticipate new prob-

lems, to seek new ways to advance knowledge, and to make decisions about the future course without being bound by past practices or programs.

"Conditions upon the earth inevitably change; hence, no wise man will bind Trustees forever to certain paths, causes or institutions. I disclaim any intention of doing so. On the contrary, I give my trustees full authority to change policy or causes hitherto aided, from time to time, when this, in their opinion, has become necessary or desirable. They shall best conform to my wishes by using their own judgment."

We try to keep the public informed as to what our program is at any given point in time. We publish each year an annual report which lists all grants in operation, and which contains a long section describing most of the grants made during the current year. Readers of those reports, and of our *QUARTERLY*, and of our press releases will realize that the Corporation's program is limited.

First, it is limited to education; we do not support health or social welfare programs, as many foundations do. And within the field of education, the emphasis shifts from time to time.

It would be difficult to attempt a strict definition of our present program. In general, however, in recent years our interests have centered particularly on higher education and on some aspects of public and international affairs, primarily as they are reflected in research and teaching in the colleges and universities.

Endowments

■ Carnegie Corporation does not make grants for endowment. This is a policy to which it now adheres strictly. It is, in fact, one of the few rules to which no exception will be made in the foreseeable future.

This does not mean that the Corporation regards endowment grants as an unwise form of giving. Far from it. The Corporation recognizes the great need of many of our endowed institutions, particularly the colleges and universities, to increase their capital funds, and it believes that many foundations will find in such grants the most useful form of giving. But each foundation must determine the pattern of giving most suited to its own size, tradition, and capacities.

Continued Support

■ The length of time over which grants extend varies considerably, depending upon the purpose for which support is given. We may support a survey which takes as little time as two weeks. We may support basic research or the development of new teaching programs for periods up to five years. And in some cases, through renewal of the grant, support may continue for substantially longer periods.

In short, the Corporation varies the duration of its support according to the objectives of the recipient. But obviously the interests of the recipient and the interests of the Corporation are likely to differ on this question. Other things being equal, most recipients would be pleased to see the period of the grant indefinitely prolonged. (When one individual asked for support over a twenty-year period, the foundation officer involved commented: "He doesn't want a grant—he wants a way of life.")

Other things being equal, the foundation will keep the period of the grant as brief as is compatible with good sense. This policy grows directly out of our conception of the nature of our job, and the need to have uncommitted funds always available.

Because of this policy, Carnegie

Corporation (and many foundations hold a similar view) is extremely reluctant to support programs or organizations which are unlikely to survive without constant help. In all cases, we are scrupulous about informing a potential grantee at the very beginning that he cannot expect long-sustained support.

Support of the Individual

■ The important advances in knowledge, the significant improvements in practice, the kinds of innovation which ought to interest foundations are made by individuals. There are many ways in which they may be served.

The most obvious and familiar means of assisting the talented individual is through fellowship programs. The Corporation supports such programs on a substantial scale in the social sciences and on a more modest scale in the humanities and the natural sciences. We take the view that these fellowship programs should be administered by organizations which are themselves a part of the world of scholarship and are in a position to make more discriminating judgments in the special fields involved than could our own small staff. Accordingly, with one or two exceptions, the Corporation does not itself administer fellowship programs, but provides the financial support of such programs administered by the scholarly organizations in the various fields.

Another means of assisting the individual is through support of a research or teaching project which he wishes to carry forward either on his own or in cooperation with others. This leads to the frequent charge that foundations are immoderately fond of projects or "team research"—that they foster a disease called "projectitis." Some

critics assert that foundations won't release any funds until a college administration has dreamed up a special activity of some kind, tied it up with a bright ribbon, slathered it with fashionable gobbledygook, and presented it with an air of having branched out into *terra incognita*.

The extent to which foundation officers are fooled by flashy and meretricious projects is a matter for debate. Judging by some of the proposals we receive, at least a few of our friends in the universities appear to believe that such gullibility exists. It would be wrong to deny that there have been foolish foundation officers. And even the wisest one has his weak moments. We are acutely aware of the dangers of excessive emphasis on projects, and try to minimize them by constant vigilance, by basing our grants upon the quality of the individual, and by recognizing that the individual may be assisted in many ways, only one of which is through project support. Nevertheless there are some kinds of research which are best carried on in groups—an archeological "dig," a study of public opinion, the operation of a cyclotron—and many teaching programs have an element of collaborative action in them. We support such collaborative action with enthusiasm where it seems the best means of getting ahead with the job. And it still involves individuals. A "project," after all, is not something untouched by human hands; it does not do itself.

Still another way to assist talented individuals is to support certain kinds of facilities or organizations which serve the individual. The more than \$56 million spent on Carnegie libraries were dollars spent for the aid and nourishment of individuals. Library users are for the most part engaged in highly individual pursuits—pursuits which would be denied them if appropriate facilities did not exist. It follows

that a foundation which makes a grant to a library is in effect making innumerable individual grants to the scholars who use it. The same may be said of many grants to universities, to research institutes, and to laboratories.

Free Funds

■ No foundation can provide its grantees with "free funds" in the broadest sense of the term. Every foundation must insure that its money will be used within the limits imposed by its charter, to say nothing of the law of the land. Furthermore, a foundation's trustees generally wish to insure that the money is spent within the framework of its defined program.

Given these limitations, Carnegie Corporation tries to make each of its grants approach as closely to the ideal of "free funds" as circumstances permit; that is, it tries to allow the recipient the maximum flexibility in using the funds as he sees fit.

Individuals at different levels of an administrative hierarchy hold radically differing conceptions of what is meant by "free funds." To the university president, free funds are funds which he may allocate as he wishes for the good of the university. To the chairman of a department which does not have the good fortune to share in the resulting allocation, the funds are "free" in only a rather abstract sense—they are certainly not free funds for him. (No funds are quite as "unfree" as the funds you don't lay hands on.) When the director of a university laboratory thinks of free funds he does not think of free funds for the president of the university but of free funds granted to the laboratory for whatever purposes he wishes to choose.

Obviously, a healthy flow of philanthropic funds will involve all of these levels. Carnegie Corporation believes

very strongly in the necessity for general support of our universities, and if its funds were unlimited it would devote substantial sums to this purpose. Operating with a very limited income over a very broad geographical area and in many hundreds of institutions, the Corporation is not able to make significant grants for general support. But it seeks to be as responsive as possible to the expressed concerns of college and university leaders—indeed all proposals to us must carry the endorsement of the college president—and tries to lend itself to the kinds of giving which will strengthen the institution in the terms which the president considers necessary. It tries to give him money to do the things for which he could not get money elsewhere. At the same time the Corporation has a deep-rooted commitment to the individual scholar and will continue to deal with him in terms of his own needs.

Matching Grants

■ Many foundations make what are known as “matching grants”—that is, the foundation makes a grant on condition that the receiving organization raise from other sources a specified (usually equal) amount of money for the same purpose. Carnegie Corporation does not now make such grants.

Program in the Commonwealth

■ The Corporation's Commonwealth program (which does not extend to the United Kingdom, India, or Pakistan) forms a small but important part of the total Carnegie effort for “the advancement and diffusion of knowledge and understanding.” We are permitted to spend only a certain proportion of our total income in the Common-

wealth—now fixed by law at the income from \$12 million of our total capital fund of not quite \$200 million. All other income must be spent for purposes in the United States.

The basic philosophy of Carnegie Corporation also underlies the Commonwealth program, and we attempt to respond imaginatively to the needs and wants of the territories concerned. Because limited funds must extend over many countries, and because the educational needs and problems of those countries differ in many ways from those of the United States, the Commonwealth program differs in some details from that in operation here.

A travel grant program holds a central place in our activities in the Commonwealth. Each year a number of scholars, educational administrators, and other individuals are enabled to visit North America through the provision of dollar funds.

In the years since World War II the Corporation has devoted particular attention to the new university colleges in the dependent, emerging, and newly independent countries of the Commonwealth as these institutions have moved to establish themselves firmly as national centers of higher learning, advanced training, and research.

How Grants are Made

■ How do Carnegie grants get made? This is not a mysterious process, but it is a varied one, and far from cut-and-dried. It involves a network of relationships among staff members and trustees and college and university professors and presidents and members of learned societies—and books and journals!

Each year, we receive about ten times as many requests for grants as we can honor. Many of the requests

are for kinds of assistance which the Corporation as a matter of established policy does not provide—buildings, libraries, endowments, etc. These come from people who have perfectly worthy ideas but who simply do not know what our own program embraces.

But each year, many requests—far more than we can support—are for carefully planned projects of real merit which do fall within the boundaries of our programs. How do these requests come to us, and how are they acted upon?

In the first place, the people who send them in are usually familiar with the general outlines of our program—with the kind of thing we do. They have learned this from reading our reports, from talking with their colleagues, and perhaps from talking with our own officers. We try to meet potential grantees at least half-way—not just geographically, but in spirit.

There are 34 Carnegie employees in all. Of those, nine are immediately involved in the grant-making process; two of those nine have special responsibilities for the Commonwealth program. Since the Corporation spends the bulk of its money in colleges and universities, it recruits most of its officers from the academic world. The present officers' graduate degrees are in the fields of history, political science, psychology, education, international relations, and public affairs. But although the staff reflects considerable variety in academic background and in other experience, including governmental, members are expected to be “generalists” rather than specialists.

Our office is in midtown Manhattan, but it is unlikely that on any given day you would find all the officers in, because they travel widely. During the last fiscal year, one of the staff members traveled just short of 36,000 miles, on 34 trips, being away from the office for a total of 93 working days. Those

were working days for him; he spent most of them on college campuses talking to faculty members and administrators; a few he spent at conferences where he could meet numbers of scholars.

Not all trips such as these are made to look into proposed projects. Indeed, some of the most important parts of the staff's work do not deal with specific proposals, but with learning as much as possible about the fields in which we work; keeping in touch with the ablest of the established scholars in the field and, equally important, with the promising young ones; and becoming familiar at first hand with the institutions with which the foundation must deal. This is necessary, too, for the two-way flow of information and ideas which is so important. For a foundation officer could not hope to identify the critical issues in any one field, the significant new ideas, the promising young people, without a close and frank relationship with the ablest individuals in that field. And the learning process involves not just visiting but the almost constant reading of books and scholarly journals. The flow of information is two-way because, at the same time that he is learning of problems and people in one area, the officer is letting people know what his foundation's interests are.

People often ask why a foundation decides to concentrate in a certain field at a given time, and how it then becomes active in it. We can take an example from our own experience which shows something of the intangibles, the kinds of cooperation and action, which go into the making of grants.

In 1954, before the general hue and cry about the need for reform in mathematics teaching, the Carnegie officers became concerned with the field. Although this is an area in which we had worked only slightly, the officers became convinced, both from

their own reading and from what they heard from scholars and teachers, that this was a field where something should be done. They weren't sure what, but they wanted to explore it.

A staff member was assigned to the task. Meantime the president, at one of the trustees' meetings devoted to other matters, mentioned the subject. He made no promises as to what, if anything, the Corporation might eventually do, but simply told the trustees why he and other officers were convinced that the improvement of mathematics teaching was an important issue and that we were looking into it. The trustees agreed that this was worth doing, although there was still no commitment to take any specific action.

The officer who was exploring the field soon discovered that some leading mathematicians were strongly of the opinion that there was a need for reshaping the mathematics curriculum in our secondary schools.

Impressed with this testimony, the Corporation commissioned a study of the state of mathematics teaching which provided strong corroboration of the need. Meanwhile, the officer involved was continuing his task of becoming acquainted with mathematicians and mathematics teachers who saw the need most clearly. At the same time, he was letting it be known in these circles that Carnegie Corporation would be receptive to significant ideas for constructive action. Such ideas were soon forthcoming, and the Corporation was launched upon a new program.

The important thing to note about this process is that the new program was not launched in the antiseptic atmosphere of a Fifth Avenue office. It developed out of extensive give and take between foundation officers and forward-looking mathematicians. It involved exploratory efforts which covered the length and breadth of the

country and involved many individuals with many differing views.

This kind of process, in infinite variety, goes on all the time. Let us now be more specific. Assuming that all this nebulous kind of groundwork has been done, what are the mechanics by which grants are made?

Usually a proposal does not make its first appearance as a full and formal presentation. Often the applicant discusses his idea with a foundation officer before he ever puts a word in writing. The proposal need not be an elaborate document; as a rule, we prefer that it not be. We want to know what the individual hopes to do, how he hopes to get it done, how long it will take, and how much he expects it to cost. Eventually we will want a fairly clear breakdown of the budget—not, as some might think, merely to ensure that it is not too high, but also to be sure that it is not too low!

When the preliminary proposal is in hand, the officer in charge will probably want to visit the campus involved, to talk with the people who will be doing the work and with the college administrators. He may have questions to ask the potential grantee: "How do you plan to handle this?" or "Have you thought about what you will do if such and such happens?" If the project involves the work of several departments, he will want to be sure that all are genuinely interested in it. He will seek to determine whether the college president is willing to provide the proper administrative support, if that is necessary to the accomplishment of the project. In addition, he may want to turn to some of the best men in the field for an outside opinion on the idea.

Once the staff member in charge of a proposal is satisfied that it is in good shape, he circulates it to his colleagues. He has probably already discussed it informally with some of them. The small size of our staff makes it easy for

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us to have very close and frequent talks with each other, so it is seldom that any officer is startled to see any particular item on the agenda of the weekly staff meeting. At the staff meeting, when all the officers have read and written comments on the proposal, the potential grant is discussed. The comments are discussed and questions answered, and the proposal is considered not only on its intrinsic merits but in relation to the rest of the program.

It should be borne in mind that many proposals which we would support if enough money were available simply lose out when measured against others which the staff thinks should be given priority. Or perhaps some staff members have questions which the officer in charge cannot answer, or doubts which he cannot allay. In the first case, he will probably go back again to the proposer to clear up the questions. In the second case, if the staff is unable to respond with enthusiasm, the proposal will not be recommended to the trustees.

But let us take a happier instance. The staff is enthusiastic and votes to recommend a grant. The item is then placed on the agenda for a meeting of the trustees. It is they who set the general policies of the Corporation; it is they who vote all grants except for a limited number of small administrative ones. The full 15-member board meets four times a year; during most of the other months of the year a six-man executive committee, empowered to act for the full board, meets.

The trustees themselves represent a variety of backgrounds and interests. They do, of course, share a deep interest in education! They may be, as

present members of the board are, bankers or lawyers or research scientists or businessmen. But often their extra-curricular roles—as members of a variety of cultural and civic bodies—are as important to their value as trustees as are their professions.

When the board meets, the president of the Corporation (who is a trustee) and the vice president, secretary, and treasurer attend. The president and vice president make oral presentations of the proposals, giving background and details. (The trustees have already received, a week or so before, written descriptions of all the proposals to be submitted.) The trustees discuss the proposals and raise questions. Finally, the board votes. Most of the time the trustees approve staff recommendations, but when they have serious doubts, they ask the officers to reconsider their recommendations.

Once the grant has been voted, we do not interfere in its operation, but of course watch the progress of the research or teaching program or whatever it is with sympathetic and lively interest. We request progress reports from recipients, and are always pleased to see any publication which may result from a grant. In some cases it is difficult to measure what, if any, impact a particular grant has had; in other cases it is very clear. We of course try constantly to learn from experience and to make continuing assessments of our program and policies. But in the last analysis, judgments as to the value of our grants are properly made not by us but by the best brains working in the particular field. If we can measure up to their criteria—perhaps not wholly, but in good part—we have done a good job.

Here are the criteria by which we try to measure proposals. The first and most important consideration is the caliber of the man or men who will carry out the project. "Find the good men and back them!" is a phrase that epitomizes Mr. Carnegie's philosophy. A good man can turn in a good performance even with a weak plan—though he can do better with a strong plan. But the best idea in the world can fall apart in the hands of an incompetent man.

The next consideration is the proposal itself. Is it a good and workable idea, has it been well-planned, is there the chance that other individuals or institutions might benefit from the experiment?

Finally, does the institution or organization in which the project will be carried out provide a favorable context?

The judgments to be made are difficult, and foundation officers and trustees are fallible men. But the same may be said of all significant decisions and decision-makers. All administrative action involves an appraisal of people and a weighing of plans.

A former president of the Corporation, Frederick P. Keppel, once summed up his view of the ideal circumstances in which a foundation could take action. These would be "to have the idea, the man, and the setting, in perfect conjunction: the idea, vital and timely; the scholar or executive, at the peak of his powers; and the organization at flood tide." This he called a "favorable conjunction of the stars." What we pray for is the good luck to encounter such circumstances and the good sense to recognize them when we do.

Carnegie Corporation of New York Quarterly, published quarterly by Carnegie Corporation of New York, 589 Fifth Avenue, New York 17, N.Y. Helen Rowan, Editor. Board of Trustees: Morris Hadley, Chairman; John W. Gardner, Caryl P. Haskins, C. D. Jackson, Devereux C. Josephs, Nicholas Kelley, R. C. Leffingwell, Margaret Carnegie Miller, Frederick Osborn, Gwilym A. Price, Elihu Root, Jr., Frederick Sheffield, Charles M. Spofford, Charles Allen Thomas. Administration: John W. Gardner, President; James A. Perkins, Vice President; Florence Anderson, Secretary; C. Herbert Lee, Treasurer; Stephen H. Stackpole, Executive Associate, British Commonwealth Program; John C. Honey, Executive Associate; Frederick H. Jackson, Executive Associate; William W. Marvel, Executive Associate; Alan Pifer, Executive Associate, British Commonwealth Program; Robert J. Wert, Executive Associate; James W. Campbell, Associate Treasurer; Margaret E. Mahoney, Associate Secretary.

A Philosophy of Giving

■ What role should Carnegie dollars play in the flood of philanthropic funds which pour out every year? How can the trustees and officers choose wisely among the thousands of opportunities available for giving? Or to pose a more provocative question, why should not Carnegie Corporation give its entire income to a leading cancer research laboratory and thereby avoid all the struggle and strain of making decisions? Why not?

These questions cannot be answered without arriving at a clear conception of the role Carnegie Corporation seeks for itself among the vast number of agencies devoted to the advancement and diffusion of knowledge. The trustees and officers of the Corporation share such a conception.

We believe that a foundation such as Carnegie Corporation is one of the few institutions in our society which is in a position to keep itself free to act quickly, flexibly, and imaginatively in support of the talented individual, the man with an idea, or the institution which wishes to undertake an experimental program. Anyone who has had administrative responsibilities knows that one of the great barriers to new developments is that the conventional non-profit institution rarely has free funds for this purpose. Its funds are—and should be—committed to the normal activities of the institution. When free funds appear, the departments of the institution which must compete for their share of the budget quickly seize them, and they are free funds no longer. Little or nothing is left for experiment or for new paths.

There is nothing improper in all this. It is the way most organizations—almost of necessity—behave. But it is precisely this characteristic of conventional organizations that gives a foundation such as Carnegie Corporation its special usefulness. The usual operating institution finds it exceedingly difficult to keep funds free for experimentation. We think of Carnegie Corporation as designed to meet this problem by keeping free funds to be used for *nothing but* such purposes.

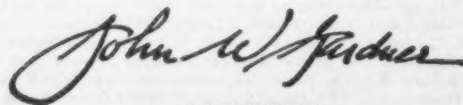
This means that many, many worthwhile things must be left undone by Carnegie Corporation. There are many, many thousands of organizations with purposes within the scope of the Carnegie charter which *must* find money to finance their central operations on a long-term basis. Obviously these are important objectives and ways must be found to achieve them. They are as worthy as purposes can be. But we are committed to other aims. This does not mean that our aims are desirable for the majority of foundations. Unless a foundation is of an appropriate size and is staffed by professionals with considerable experience, there is no doubt that it will find that its most significant opportunities for wise giving lie in endowments and contributions to the operating expenses of hospitals, welfare organizations, and educational institutions.

There is a substantial element of risk built into our conception of how Carnegie Corporation should operate. The bright new idea may prove to have more novelty than validity. The "pioneering" venture may bog

down. The research program may yield negative results. Foundations which engage in the support of such efforts must be prepared to take these chances. It is in this sense that they regard their funds as "venture capital."

The foundations which see their money as "risk capital" have been subjected to heavy criticism on just this score. They have been accused by some of not taking enough risks—of denying support to highly creative individuals and ideas in favor of the more pedestrian and the safe. They have been accused, on the other hand, of supporting educational movements which are too "progressive." In these matters it often turns out that beauty *is* in the eye of the beholder and that the same project which is called "imaginative" by some will be called "foolish" by others. If a project is unconventional in a direction which pleases you, it is "imaginative"; if it is unconventional in a direction which does not please you, it is "foolish" or possibly even "radical."

Honest men have honest differences as to the value of one plan or program over another. We at the Corporation make the best judgments of which we are capable at any given time. We have made mistakes and will continue to do so. With the advantage of hindsight, we can identify instances in which the money might have been better spent elsewhere. On the other hand, if one bets on able men and women, it is surprising how often genuinely significant and constructive results occur either in the short or long run.



PRESIDENT

